

# **SALES AND USE TAX REVIEW COMMISSION**

## **RECOMMENDATION PURSUANT TO P.L. 1999, C. 416**

**BILL NUMBER: A-2845**

**DATE OF  
INTRODUCTION: 10/12/00**

**SPONSOR: Assemblyman Jones**

**DATE OF  
RECOMMENDATION: 2/26/01**

**IDENTICAL BILL: None**

**COMMITTEE: Assembly Telecommunications & Utilities**

### **DESCRIPTION:**

The bill provides for a sales and use tax rebate and pass-through of cost savings to residential purchasers of natural gas and the transportation service, between November 1, 2000 and March 31, 2001.

### **ANALYSIS:**

The bill is an attempt to grant a tax exemption based upon the recent retail price increase in the natural gas industry, which resulted from an increase in demand and a reduction in supply. As a policy matter, it is generally not appropriate for the government to legislate in response to fluctuating market forces and momentary economic conditions. The rebate does not take the level of need into account, but rather, refunds the tax to all residential purchasers. Also, there are already state programs in place which provide financial aid to those residents in need of relief from the cost of home heating. In addition, by restricting the rebate to residential purchasers, the bill treats similarly situated taxpayers, commercial gas purchasers, differently although they are likely to be more effected by the rise in natural gas prices, due to the use of natural gas in running machinery and equipment, as well as for heating purposes.

**RECOMMENDATION:**

The Sales and Use Tax Commission does not recommend enactment of this bill.

**COMMISSION MEMBERS FOR PROPOSAL: 0**

**COMMISSION MEMBERS AGAINST PROPOSAL: 7**

**COMMISSION MEMBERS ABSTAINING: 0**

**COMMISSION MEETING DATE: 2/14/01**